DOCKET SECTION

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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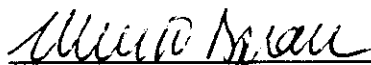POSTAL RATE AND FEE CHANGES, 1997)   Docket No. R97-1
)

RESPONSE OF THE DIRECT MARKETING ASSOCIATION, INC. WITNESS BUC TO INTERROGATORY OF UNITED PARCEL SERVICE (UPS/DMA-T1-1)

The Direct Marketing Association, Inc. hereby provides responses of witness

Buc to the following interrogatory of United Parcel Service (UPS/DMA-T1-1), filed

January 28, 1998.

The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

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February 11, 1998

UPS/DMA-T1-1. Please refer to page 20 of your testimony.

(a)   Please confirm that your analysis of distribution key "thinness" includes distribution keys which would be "thin" under the LIOCATT system (e.g., Nonmods Outgoing, Incoming, Transit, and Other pools). If not confirmed, please explain.

(b)   Please confirm that LIOCATT uses distribution keys with fewer than five tallies in the distributing set. If not confirmed, please explain.

(c)   Please confirm that your distribution analysis would result in distribution keys with fewer than five tallies. If not confirmed, please explain.

UPS/DMA-T1-1 Response:

(a)   I have not counted the number of elements in the distributing sets in LIOCATT.

However, given that LIOCATT distributes 6 shape-specific mixed mail codes

(excluding mixed all shapes because its key is comprised of the key of the other

mixed mail codes) across 4 basic functions in 8 CAGs and 5 uniform operations,

there are consequently 960 possible distributing sets. Note, however, that these

distributing sets comprise all 90,000 direct tallies. In contrast, witness Degen uses

1540 possible distributing sets for mixed mail, and these sets are almost solely based

on direct item tallies which comprise only about 21,000 tallies. Thus, witness Degen

bases more keys on far fewer tallies.

Please note that my recommendation that the Commission use the

IOCS/LIOCATT system for distributing mixed mail does not constitute an enthusiastic

endorsement of that system. If the Postal Service responded to the Commission's

concern regarding the lack of resources devoted to IOCS, they would increase the

number of tallies in IOCS and the distributing sets would consequently be thicker.

This would increase the statistical reliability of the system. If the Postal Service

responded to the Commission's concern about the increase in the number and

proportion of mixed mail tallies, they would count more of the mixed mail, leaving

fewer tallies to be distributed through the use of distribution keys. Both of these

would improve the IOCS/LIOCATT system. Further, I believe that the Postal Service

could combine smaller CAGs to produce thicker keys. On balance, however, even

the current IOCS/LIOCATT system is substantially better than the alternative witness

Degen proposes for distributing mixed mail costs.

(b)   I have not counted the number of tallies in the distribution keys in LIOCATT.

(c)   Not confirmed. If you are referring to my "modified" Degen approach (see my

direct testimony at 27-28), there are 70,751 tallies in the distributing set for MODS

offices, 12,221 for non-MODS offices, and 4,525 for BMCs.

DECLARATION

I, Lawrence G. Buc, declare under penalty of perjury that the foregoing answers are

true and correct, to the best of my knowledge, information, and belief.

Lawrence G. Buc

Dated: _Feb 11, 1998_

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the rules of practice, as modified by the Special Rules of Practice.

Michael D. Bergman
Michael D. Bergman

February 11, 1998
Washington, D.C.